

2 of 2 DOCUMENTS

Copyright 2002 PR Newswire Association, Inc.  
PR Newswire

May 23, 2002 Thursday

**SECTION:** FINANCIAL NEWS

**DISTRIBUTION:** TO BUSINESS AND TECHNOLOGY EDITORS

**LENGTH:** 499 words

**HEADLINE:** E\*TRADE Group, Inc. Announces Intent to Add New Board Member and Memorandum Of Understanding to Resolve Shareholder Derivative Suit;  
Board Announces Search for New Outside Director Who Will Chair Compensation Committee

**DATeline:** MENLO PARK, Calif. May 23

**BODY:**

E\*TRADE Group, Inc. (NYSE: ET) today announced its intent to add a new unaffiliated, independent outside director to its Board of Directors.

The Board announced that it has begun a formal search for a new Board member who will have no prior Board of Director or employment affiliations with any of the current Board members or executive officers of the Company. The Board also announced certain changes it has made to the composition of its Compensation Committee. The Compensation Committee, formerly comprised of David Hayden, William Ford and Ron Fisher, will be comprised of Hayden, Ford, Dr. Lester Thurow and the new Board member, who will act as Chair of the Committee.

Further, the Corporate Governance Committee of the Board, working with its Lead Director, will conduct a formal review of all Board processes and committee assignments at its next Board meeting. Modifications to committee assignments and/or Board processes will be made as appropriate.

"The steps we have taken in recent weeks underscore our commitment to shareowners, stakeholders and associates that we will maintain the highest level of integrity with regard to issues of corporate governance," said Christos M. Cotsakos, Chairman of the Board and Chief Executive Officer, E\*TRADE Group, Inc. "We are confident that these actions and future review of processes will resolve any outstanding concerns."

At the same time, the Company announced that the Company and its Directors named as defendants in the matter of Thomas Barry v. E\*TRADE Group, Inc., et al., a shareholder derivative lawsuit filed in December, 2001, have entered into a Memorandum of Understanding to resolve the lawsuit, which settlement is subject to approval by the court. In the proposed settlement, the Company and its Directors agree, among other things, to the appointment of a new outside director and changes to its Compensation Committee described above, as well as previously announced amendments to the compensation agreement between the Company and its CEO.

Important Notice

E\*TRADE, the E\*TRADE logo and Stateless Architecture are registered trademarks of E\*TRADE Group, Inc. or its subsidiaries. The statements contained in this news release that are forward-looking are based on current expectations

E\*TRADE Group, Inc. Announces Intent to Add New Board Member and Memorandum Of Understanding to Resolve Shareholder Derivative Suit; Board Announces Search for New Outside Director Who Will Chair Comp

that are subject to a number of uncertainties and risks, and actual results may differ materially. The uncertainties and risks include, but are not limited to, the risk that the court may not approve the settlement or that the settlement as approved may differ from the settlement described.

Media Contact

Connie Dotson

E\*TRADE Group, Inc.

916-858-8835

Investor Relations Contact

Robert Simmons

E\*TRADE Group, Inc.

916-859-4004

mediainq@etrade.com

robert.simmons@etrade.com

Tell Us What You Think -- Click Here

<http://tbutton.prnewswire.com/prn/11690X94933815>

SOURCE E\*TRADE Group, Inc.

CONTACT: press, Connie Dotson, +1-916-858-8835, or mediainq@etrade.com, or investors, Robert Simmons, +1-916-859-4004, or robert.simmons@etrade.com, both of E\*TRADE Group, Inc.

URL: <http://www.prnewswire.com>

LOAD-DATE: May 24, 2002